GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Tribal Welfare Department – Coffee Development in Agency Area of Paderu, ITDA in Visakhapatnam District comprising of new area expansion, quality improvement through wet processing using baby pulpers and Marketing at a total cost of Rs.526.160 Crores – Orders - Issued.

TRIBAL WELFARE (TSP) DEPARTMENT

G.O.Ms.No:33 **Dated: 03.06.2015**

Read the following:

1. From the Project Officer, ITDA., Paderu, Visakhapatnam, Lr. Rc. No. 234/2014/A2, dated: 28.11.2014.
2. Project Proposal of the Advisor to Government, AM & TW, Coffee Project, received from the Project Officer, ITDA., Paderu, Visakhapatnam.
3. Council Resolution No.92/2015 passed in the meeting of the Council of Ministers held on 12-05-2015.

O R D E R :

The Hon'ble Chief Minister during visit to Paderu on 17-10-2014 in connection with Hudhud Cyclone, has made announcement that all efforts would be made by the Government of A.P for development of Coffee Plantation in Paderu Agency Area including expansion of Coffee Plantation by 1.00 lakh acres more.

2. In the background of the announcement of Hon'ble Chief Minister, the Minister for SW&E and TW&E has convened a meeting on 28-11-2014 on Coffee Development with the Chairman, Coffee Board and all other stakeholders and it was decided that a comprehensive detailed project report comprising of the rejuvenation of the existing Coffee Plantations, expansion of new Coffee Plantations in 1.00 lakh acres, organic certification, promotion of wet pulping through baby pulpers and marketing support with the facilitation of Girijan Co-operative Corporation (GCC).

3. After the initial proposals were prepared by the Project Officer, ITDA, Paderu, Visakhapatnam Dist and Managing Director, A.P, GCC, Visakapatnam , based on the consultation, the same have been reviewed through repeated iterations by the Advisor with the officers of the Tribal Welfare department, ITDA and MD, GCC and the present proposals have been finalized.

4. The Managing Director, TRICOR has reported that the proposals were developed under the guidance of the Adviser to Government, AM&TW with due consultation of all the stakeholders i.e. ITDA, Coffee Board, Coffee Farmers and GCC through various consultative interactions.

5. The Advisor, AM&TW Coffee Project who has been consulted in the matter has stated that the Project need to have six components namely;

- Expansion of coffee area by one lakh acres.
- Consolidation and rejuvenation of the existing coffee areas to improve productivity to sustainable levels.
- Quality improvement through wet processing.
- Organic certification.
- Marketing support through pooling of coffee by GCC.
- Project management.

6. This is a ten year project commencing from 2015-16 to 2024-25. At the outset, though it may seem a very long duration project, the main component i.e., the expansion of coffee by one lakh acres would be completed in the seventh year and the last three years are meant for maintaining of these plantations till they come into yielding stage. The consolidation, rejuvenation, organic certification components gets completed in the first

(Contd…2)

four years, while marketing, project management and supply of baby pulpers will continue till the end of the project.

(a) The project at a glance is as follows:

1.	Project period	:	2015-16 to 2024-25 (10 years including 3 years maint.)
2.	Project Total Cost	:	Rs.526.160 Crores
	a) Subsidy from Coffee Board	:	Rs.160.360 Crores
	b) Subsidy from TSP	:	Rs.364.008 Crores
	c) Benf. Contribution	:	Rs.1.792 Crores (For pulpers)
3.	Component wise project cost	:	
	a) Expansion 1.00 lakh acres	:	Rs.354.940 Crores
	b) Coffee Rejuvenation(45000 acres)	:	Rs.65.880 Crores
	c) Organic Certification	:	Rs.3.200 Crores
	d) Wet Processing(pulpers)	:	Rs.17.920 Crores
	e) Project Management	:	Rs.28.220 Crores
	f) Marketing by GCC	:	Rs.56.00 Crores

(b) The total cost of the project is worked out to Rs. 526.160 Crores of which the requirement from TSP is Rs. 364.008 Crores for a period of 10 years. The requirement during 2015-16 under TSP and State Funds is Rs. 24.84 Crores. The average requirement of funds from TSP and State Funds is ranging from a minimum of Rs. 9.24 Crores (2025-26) to a maximum of Rs. 61.24 Crores (2018-19) and with an average requirement of Rs. 36.40 Crores per year.

Some of the important initiatives in this project are:

- Rejuvenation and consolidation of the existing plantations through gap filling, adoption of timely cultural practices to improve the soil health as well as the plant health through appropriate handholding in a cluster approach and achieve productivity improvement to sustainable levels.
- As most of the coffee produced in this region is organic by default, encourage and assist the groups of farmers to obtain collective organic certification for their coffee.
- Shifting the focus from monoculture silver oak shade to mixed shade with indigenous species.
- It is expected through this project the tribal economy will show sustainable growth and coffee becomes an important vehicles to bring prosperity to this area in the years to come.
- Taking advantage of the willingness of the tribal farmers to prepare parchment coffee using the baby pulpers, which were supplied in limited number, it is proposed to meet the entire demand of the baby puplers so as to convert maximum production into parchment coffee, which helps in proper branding of the coffee produced in this region and helps get better prices.
- For the first time, intervene through a public entity, namely GCC, to provide marketing support for the coffee produced in this region. Currently, GCC purchases the minor forest product from the tribal's and markets the same, with or without further processing and retains the profits. In case of coffee, a different model has been proposed. This involves GCC pooling the coffee of the tribal growers and undertake the processing and arrange for its disposal through auctions. The objective is, the entire sale proceeds should be transferred to the farmers. The cost of providing these services by GCC is to be met from the marketing subsidy available from coffee board. In the very unlikely event of this subsidy falling short of the requirement, the gap can be met through the TSP and

(Contd…….3)

the State funds. The model also envisages paying the 1st instalment to the farmers at the time of pooling the coffee, computed at 50% the average prevailing price during the previous year. Considering that the total price most tribal farmers were getting was close to 50% of the average price in previous seasons, this arrangement should attract more tribal growers to voluntarily utilize the marketing support services to be provided by GCC.

- With a view to create sustained business interest for GCC to carry out this activity, it is also provided that once GCC develops the confidence it could also venture into value addition on its own account by establishing roasting and grinding units to produce R & G Coffee or by undertaking export of coffee bought in the auctions.

7. The State Council for Development of SCs & STs held on 27-12-2014 under the Chairmanship of Hon'ble Chief Minister approved to allocate an amount of Rs.5.00 crores for taking up immediate action for procurement of seed and raising nurseries for the required plant material to be supplied to the affected farmers due to Hud-Hud cyclone occurred on 12-10-2014.

8. As per orders issued in G.O.Ms.No.10, Planning (XXII) Department, dated 23-2-2013, the proposal approved by the State Council shall be deemed to have been accorded financial concurrence by the Finance Department under the respective SCSP/TSP and State Funds Budgetary Provision.

9. Hence, the Managing Director, TRICOR proposed to accord approval for the project at a total cost of Rs. 526.160 Crores of which the requirement from TSP and State Funds is Rs. 364.008 Crores over a period of 10 years. The requirement during 2015-16 under TSP and State Funds is Rs. 24.84 Crores. The annual requirement of funds from TSP of Tribal Welfare Department and State Funds is ranging from a minimum of Rs. 9.24 Crores (2025-26) to a maximum of Rs. 61.24 Crores (2018-19) and with an average requirement of Rs. 36.40 Crores. Accordingly, necessary approval has been obtained from the Government of Andhra Pradesh through the Cabinet Resolution No.92/2015 passed by the Council of Ministers in the Cabinet meeting held on 12-5-2015.

10. The duration of this project is 10 years from 2015-16 to 2024 -25 and the total project cost is Rs. 526.160 crores (i.e (a) subsidy from Coffee Board Rs. 160.360 crores (b) Subsidy from TSP Rs. 364.008 crores (c) Benf. Contribution Rs. 1.792 crores). The subsidy amount of Rs. 364.008 crores pertaining to TSP shall be met from TSP and State Funds budgetary provision of Tribal Welfare Department and hence adequate budget provision should be made accordingly by the Finance Department every year till the completion of the project.

11. Government after careful examination hereby approve the Project for Comprehensive Coffee Development in Agency Area of Paderu, ITDA in Visakhapatnam District comprising of new area expansion of one lakh acres, quality improvement through wet processing using baby pulpers organic certification, marketing intervention by Girijan Cooperative Corporation with a total project cost of Rs.526.160 crores for a period of 10 years implementing from 2015-16 to 2024-25 including the assistance from Coffee Board, Tribal Sub Plan, Tribal Welfare Department of Andhra Pradesh and the State Funds of Government of Andhra Pradesh covering all Tribal families with Coffee cultivation to ensure an income of Rs.1.00 lakh per annum per family .

12. The MD, TRICOR and Director, Tribal Welfare, Hyderabad shall take necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr.A. VIDYA SAGAR
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Managing Director, TRICOR., Andhra Pradesh, Hyderabad.

(Contd…..4)

The Director, Tribal Welfare, A.P., Hyderabad
The VC & MD., GCC., Visakhapatnam.
The PO., ITDA., Paderu, Visakhapatnam.
The Advisor, AM&TW., Coffee Project, Hyderabad
Chairman, Coffee Board, Coffee Board of India, Bangalore.

Copy to:

The Finance (EBS) Department
The Planning Dept.
The General Administration (Cabinet) Department
The Secretary to Hon'ble Chief Minister.
P.S. to Minister (SWE&TWE)
P.S. to Prl. Secretary to Govt., TW
PA to Addl. Secy. to Govt., TW
SC/SF

// FORWARDED :: BY ORDER//

SECTION OFFICER